Saskatchewan
Development Fund Corporation

And

Saskatchewan
Development Fund

"Together...
Investing in your future since 1974"

2007 Annual Report

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

BOARD OF DIRECTORS

Honourable Ken Cheveldayoff, Chair
Honourable Rod Gantefor, Vice-Chair
Honourable Lyle Stewart, Member

OFFICERS

John Amundson, CA
Acting General Manager

Dorothy Toews
Acting Treasurer

Terry Ross
Corporate Secretary

INVESTMENT MANAGEMENT

Greystone Managed Investments Inc.

GENERAL INQUIRY TELEPHONE NUMBERS

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SASKATCHEWAN DEVELOPMENT FUND CORPORATION AND SASKATCHEWAN DEVELOPMENT FUND

ANNUAL REPORT

For the Year Ended

December 31, 2007

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LETTER OF TRANSMITTAL

Regina, Saskatchewan
February 8, 2008

To His Honour
The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of the Province of Saskatchewan

Sir:

I have the honour to submit herewith the Annual Reports of the Saskatchewan Development Fund Corporation and the Saskatchewan Development Fund for the year ended December 31, 2007, in accordance with **The Saskatchewan Development Fund Act**. The financial statements are in the form approved by the Treasury Board and have been reported on by the Corporation's auditors.

I have the honour to be, Sir,

Your obedient servant,

Minister of Crown Corporations

ANNUAL REPORT

OF

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

FOR THE YEAR ENDED

December 31, 2007

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

HISTORY AND 2007 HIGHLIGHTS

The Saskatchewan Development Fund Corporation (the Corporation) was established in 1974 under **The Saskatchewan Development Fund Act** to perform the duties of trustee, custodian and manager for the Saskatchewan Development Fund (the Fund), an open-end investment trust. The Corporation initially managed the affairs of the Saskatchewan Development Fund and in return received management fees and sales charges from the Fund.

In 1976, the Corporation expanded its operations to include an annuity business which offered several different types of annuities to the public. These annuities included term-certain annuities for those who wished to receive a retirement income, Income Averaging Annuity Contracts (IAAC's) during the period of time when these annuities were popular and general annuities for those who desired an investment vehicle with combined savings and growth potential.

The Corporation continues to manage the affairs of the Saskatchewan Development Fund although it no longer offers annuities to the public. In 1985, the Corporation moved its operations to the offices of Crown Investments Corporation of Saskatchewan (CIC) and is now administered by the Saskatchewan Development Fund Corporation's Board of Directors through the use of staff and facilities provided by CIC.

In 1988, the Corporation entered into an agreement with Greystone Managed Investments Inc. (Greystone) to provide investment counsel with respect to the Corporation's investment activities. The Corporation has provided Greystone with a statement of investment policies and guidelines which were designed to provide optimum investment returns. On February 24, 2005, the Corporation invested their short-term investments in the Greystone Money Market Fund. This action was taken to simplify cash management.

At December 31, 2007, the present value of the Corporation's annuities payable were $170.6 thousand on 13 outstanding annuity contracts compared to an annuity liability of $215.1 thousand on 15 annuity contracts at December 31, 2006. The annuity liability and the number of contracts outstanding have decreased steadily since their highest level in 1981 when the annuity liability reached $36.7 million on more than 700 annuity contracts. The Corporation has annuity liabilities extending to the year 2013.

The Corporation's net earnings for the year ended December 31, 2007 were $73.8 thousand as compared to $70.8 thousand for the same period in 2006. The Corporation's level of income has remained consistent as costs are reducing in conjunction with decreasing revenue.

The Corporation's investments exceeded its liabilities at December 31, 2007 by more than $2.6 million. As a result, the Corporation has an adequate level of investments to provide for future obligations. A complete list of the Corporation's investments at December 31, 2007 is found on page 14.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

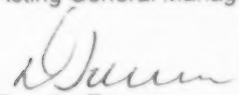
The accompanying Financial Statements have been prepared by management of Saskatchewan Development Fund Corporation. They have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied, using management's best estimates and judgments where appropriate. Management is responsible for the reliability and integrity of the Financial Statements and other information contained in this Annual Report.

The Corporation's Board of Directors is responsible for overseeing the business affairs of the Corporation and also has the responsibility for approving the financial statements. The Board of Directors meets with management, and when necessary, the Corporation's external auditors Dudley & Company, LLP and the Provincial Auditor of Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the Financial Statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly guarded against unauthorized use and that reliable records are maintained. The Provincial Auditor of Saskatchewan has reported to the Legislative Assembly that these controls are adequately functioning.

Dudley & Company, LLP has audited the Financial Statements. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the Financial Statements, appears on the following page.

John Amundson, CA
Acting General Manager



Dorothy Toews
Acting Treasurer

February 8, 2008

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the Saskatchewan Development Fund Corporation as at December 31, 2007 and the statements of operations, comprehensive income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Dudley + company LLP

Chartered Accountants
Regina, Saskatchewan
February 8, 2008

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF FINANCIAL POSITION

As at December 31

	2007	2006
ASSETS		
Current Assets		
Cash	$ 43,929	$ 63,448
Investments (Note 4)	2,770,383	2,761,611
	$ 2,814,312	$ 2,825,059
LIABILITIES AND PROVINCE'S EQUITY		
Current Liabilities		
Accounts payable	$ 8,901	$ 50,973
Due to Saskatchewan Development Fund	2,521	515
Current portion of annuities payable (Note 5)	51,380	44,510
	62,802	95,998
Annuities payable (Note 5)	119,214	170,594
	182,016	266,592
Province of Saskatchewan's Equity		
Equity advances (Note 6)	1,150,000	1,150,000
Retained earnings	1,482,296	1,408,467
	2,632,296	2,558,467
	$ 2,814,312	$ 2,825,059

Contingent liability (Note 7)

(See accompanying notes)

On behalf of the Board:

Director

Director

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the Year Ended December 31

	2007	2006
REVENUE		
Investment	$ 125,665	$ 130,027
Fund management fees (Note 8)	27,389	26,927
	153,054	156,954
EXPENSES		
Interest – annuities	27,089	34,863
Administrative	52,136	51,320
	79,225	86,183
NET EARNINGS	73,829	70,771
OTHER COMPREHENSIVE INCOME	-	-
COMPREHENSIVE INCOME	$ 73,829	$ 70,771

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF RETAINED EARNINGS

For the Year Ended December 31

	2007	2006
RETAINED EARNINGS, BEGINNING OF YEAR	$ 1,408,467	$ 1,337,696
NET EARNINGS	73,829	70,771
RETAINED EARNINGS, END OF YEAR	$ 1,482,296	$ 1,408,467

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31

	2007	2006
OPERATING ACTIVITIES		
Net earnings	$ 73,829	$ 70,771
Add (deduct) non-cash items:		
Amortization of discounts and premiums	(117,524)	(122,120)
	(43,695)	(51,349)
Net change in non-cash working capital balances related to operations (Note 9)	(40,066)	32,344
Cash used in operating activities	(83,761)	(19,005)
INVESTING ACTIVITIES		
Purchase of investments - held-to-maturity	(501,840)	(101,813)
Purchase of investments - held-for-trading	(7,408)	(177,429)
Proceeds from sale of investments - held-to-maturity	528,000	315,000
Proceeds from sale of Investments - held-for-trading	90,000	130,000
Cash provided by investing activities	108,752	165,758
FINANCING ACTIVITIES		
Repayment of annuities payable	(44,510)	(95,810)
Cash used in financing activities	(44,510)	(95,810)
NET (DECREASE) INCREASE IN CASH DURING THE YEAR	(19,519)	50,943
CASH POSITION, BEGINNING OF YEAR	63,448	12,505
CASH POSITION, END OF YEAR	$ 43,929	$ 63,448

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

1. Summary of Significant Accounting Policies

The Saskatchewan Development Fund Corporation's (SDFC) accounting policies are in accordance with accounting principles generally accepted in Canada. The following are considered to be significant:

a) Measurement uncertainty

The preparation of financial statements in accordance with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Actual amounts could differ from these estimates.

b) Investments in money market funds

Money market funds are classified as held for trading and are therefore carried at market value.

c) Investments in bonds and debentures

Investments in bonds and debentures are held to maturity and are therefore carried at amortized cost. Discounts and Premiums are amortized to income using the straight-line method over the life of the investment.

d) Revenue recognition

Revenue from investments held is recorded as income in the period earned. Revenue from management fees are recorded when service is provided.

e) Future accounting policy changes - capital disclosures and financial instruments

In March 2007, the Accounting Standards Board (AcSB) issued two new Canadian Institute of Chartered Accountants (CICA) handbook sections which expand the disclosure requirements on financial instruments: Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation". These sections replace Section 3861, "Financial Instruments – Presentation and Disclosure". SDFC will be adopting these new sections effective January 1, 2008.

2. Status of the Corporation

SDFC was established in 1974 under **The Saskatchewan Development Fund Act** to perform the duties of trustee, custodian and manager for the Saskatchewan Development Fund. In 1976, SDFC also instituted an annuity business as part of its operations. The annuity operations are reflected in these financial statements. Effective January 1, 1986, SDFC ceased to offer new annuities to the public.

SDFC has been designated by Order-in-Council as a corporation to which the provisions of **The Crown Corporations Act, 1993** apply. Accordingly, the financial results of the Corporation are included in the consolidated financial statements of Crown Investments Corporation of Saskatchewan (CIC).

SDFC is a Provincial Crown corporation and therefore is not subject to Federal or Provincial income tax.

3. Changes in accounting policies

Effective January 1, 2007, the Corporation adopted the accounting recommendations for accounting changes (Canadian Institute of Chartered Accountants (CICA) Handbook Section 1506) in accordance with the transitional provisions of the section. The new standard allows for voluntary changes in accounting policy only if they result in the financial statements providing reliable and more relevant information and that new disclosures are required in respect of changes in accounting policies, changes in accounting estimates and correction of errors. The adoption of section 1506 has had no material impact on these audited financial statements.

Effective January 1, 2007, the Corporation adopted the following new accounting standards relating to financial instruments, as issued by the Canadian Institute of Chartered Accountants: Section 3855 Financial Instruments Recognition and Measurement; Section 3861, Financial Instruments - Disclosure and Presentation; Section 1530, Comprehensive Income; and Section 3865, Hedges. These changes in accounting policy were applied in accordance with the transitional provisions contained in each of these sections.

Financial Instruments

Section 3855, Financial Instruments - Recognition and Measurement, and Section 3861, Financial Instruments - Disclosure and Presentation, provide guidance for the recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. These standards require financial assets, liabilities and derivatives to initially be recognized at fair value. After initial recognition, financial instruments are measured at fair value, amortized cost or cost, depending on the classification of the financial instrument. These standards also require the corporation to recognize and measure derivative instruments embedded in host contracts that were issued on or after January 1, 2003.

3. Changes in accounting policies (continued)

The following is a summary of the Corporation's financial instruments, their classification and measurement basis, and the financial statement impact of adopting the new standards:

- Cash and money market investments are classified as held-for-trading and are measured at fair value with changes in fair value recognized in net income. This classification had no impact on the Corporation's financial statements at the time of adoption.
- Accounts receivable are classified as loans and receivables and are measured at amortized cost. This classification had no impact on the Corporation's financial statements at the time of adoption.
- Accounts payable and other short-term liabilities are classified as other liabilities and are measured at amortized cost. This classification had no impact on the Corporation's financial statements at the time of adoption.
- Bonds and debentures are held to maturity and are measured at amortized cost. This classification had no impact on the Corporation's financial statements at the time of adoption.

The carrying value of cash and money market investments equals fair value. The carrying values of accounts receivable, accounts payable and other short-term liabilities approximate their fair values. The fair value of short-term financial instruments approximates their carrying amounts due to their short-term nature.

Comprehensive Income

Section 1530, Comprehensive Income, establishes standards for the reporting and display of comprehensive income. The Corporation did not have any items that required separate recognition outside of net income, and, as a result, the adoption of this section did not have any impact on the Corporation's financial statements.

Embedded derivatives

The Corporation selected January 1, 2003 as the transition date for embedded derivatives, as such only contracts or financial instruments entered into or modified after the transition date were examined for embedded derivatives. From the period January 1, 2003 to December 31, 2007, the Corporation had no contracts with embedded derivatives.

Hedges

Section 3865, Hedges, established standards on when and how hedge accounting may be applied. Hedge accounting under this section is optional. The Corporation did not have any outstanding hedges in place as at January 1, 2007, so the adoption of this section did not have any impact on the Corporation's financial statements.

4. Investments

Description	2007 Cost	2007 Fair Value	2006 Cost	2006 Fair Value
Money Market				
Money Market fund	$ 113,575	$ 113,575	$ 196,167	$ 196,167
Bonds and Debentures				
Canada Zero Coupon $315,000, June 1, 2006	-	-	519,399	519,357
Canada Zero Coupon $468,000, June 1, 2008	459,545	460,418	441,161	442,265
Canada Zero Coupon $585,000, June 1, 2009	552,118	554,802	529,428	531,975
Canada Zero Coupon $435,000, June 1, 2010	395,410	397,220	379,341	380,508
B. C. Zero Coupon $485,000, Sept. 5, 2011	399,379	415,660	377,197	400,435
Canada Zero Coupon $150,000, June 1, 2011	130,164	131,663	124,344	126,066
Canada Zero Coupon $600,000, June 1, 2011	516,228	526,650	-	-
Canada Zero Coupon $125,000, June 1, 2012	104,068	105,440	99,320	100,860
Canada Zero Coupon $125,000, June 1, 2013	99,896	101,311	95,254	96,779
	2,656,808	2,693,164	2,565,444	2,598,245
Total Investments	$ 2,770,383	$ 2,806,739	$ 2,761,611	$ 2,794,412

4. Investments (continued)

a) Federal bonds are valued at their recognized public exchange closing sale price on their valuation date.

b) Total cash interest received on investments during the year was $177.4 thousand (2006 - $91.0 thousand).

5. Annuities Payable

	2007	2006
Annuities payable at various interest rates, repayable in monthly, quarterly, semi-annual and annual installments until maturity	$ 170,594	$ 215,104
Less: current portion	51,380	44,510
Long-term portion of annuities payable	$ 119,214	$ 170,594

SDFC has 13 outstanding annuities at December 31, 2007, with maturing dates ranging from 2008 to 2013. Total gross payments on remaining annuities are $212.6 thousand (2006 - $282.7 thousand) assuming all annuities run to maturity.

Fair value of annuities payable is determined by discounting future payments at current market rates. Fair value of annuities payable at December 31, 2007 is $196.3 thousand (2006 - $257.5 thousand).

Interest paid on long-term annuities payable during the year, on a cash basis, was $27.1 thousand (2006 - $34.9 thousand).

Interest Rate Risk:

The Corporation has entered into long-term investments to match maturities of annuities payable with its asset portfolio. Therefore, SDFC's exposure to interest rate risk is insignificant.

6. Equity Advances

SDFC does not have share capital. However, SDFC has received equity advances from its parent CIC to form its equity capitalization. The advances reflect an equity investment in SDFC by CIC.

7. Contingent Liability

The Saskatchewan Development Fund Act requires that SDFC guarantee the difference between the market value of each shareholder's investment in the Saskatchewan Development Fund (the Fund) upon redemption and the value of the shareholder's original investment (net of initial sales charges) including accrued interest on the investment at an annual rate of 5%. This guarantee applies only if the market value of the shareholder's investment is lower than the guaranteed amount.

The guarantee liability under this provision throughout 2007 did not exceed the market value of any investment redeemed in the current year. Therefore, SDFC did not pay any amounts to the Saskatchewan Development Fund's redeemed shareholders in 2007 under this provision.

8. Fund Management Fees

SDFC recovers the costs it incurs in the management of the Fund by charging the Fund a management fee. This fee is limited by **The Saskatchewan Development Fund Act** to the lesser of 1.25% of the net value of the assets of the Fund or those corporate expenses directly attributable to the management of the Fund on an annual basis.

9. Net Change in Non-Cash Working Capital Balances Related to Operations

	2007	2006
Decrease in accounts payable	$ (42,072)	$ 29,969
Increase in due from Saskatchewan Development Fund	-	1,860
Increase in due to Saskatchewan Development Fund	2,006	515
	$ (40,066)	$ 32,344

10. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

SDFC paid CIC $36,206 (2006 - $36,206) for accounting and technical services and lease of space under agreements between SDFC and CIC.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

11. Comparative Figures

Certain of the 2006 comparative figures have been classified to conform with current year's presentation.

ANNUAL REPORT TO THE SHAREHOLDERS

OF

SASKATCHEWAN DEVELOPMENT FUND

FOR THE YEAR ENDED

December 31, 2007

SASKATCHEWAN DEVELOPMENT FUND

HISTORY AND 2007 HIGHLIGHTS

The Saskatchewan Development Fund (the Fund) was established in 1974 as an open-end investment trust (mutual fund) under **The Saskatchewan Development Fund Act**. Over the years, the Fund offered five types of investment accounts to the public. These were registered retirement savings plans (RRSPs), registered homeownership savings plans (RHOSPs), deferred profit sharing plans (DPSPs), registered retirement income funds (RRIFs) and regular shareholder accounts. Currently, the Fund administers only RRSPs and regular shareholder accounts.

In 1983, the Fund discontinued the sale of new shares to the public and became a discontinued open-end mutual fund. Since 1983, administration of the Fund has been focused on meeting the expectations of the Fund's clientele and on the orderly wind-down of the Fund's operations. On January 2, 2002 the Fund sold its individual asset holdings and purchased Greystone mutual funds. This action was taken to simplify fund management and decrease costs to the investor through reduced investment transaction fees and custodial fees.

The Fund's share value closed 2007 at $12.34 per share, compared to $12.14 per share at December 31, 2006. During the fiscal year 2007, Canada experienced volatile equity and bond markets due mainly to instability in the United States economy. Despite this volatility the fund achieved a 4.43 percent return due to its relatively low exposure to equity markets, and low administration costs. The Fund had no exposure to asset-backed commercial paper.

The Fund's earnings increased $0.9 thousand (or 1.08%) in 2007 to $85.2 thousand compared to earnings of $84.3 thousand in 2006. The increase is due mainly to higher average interest rates on the Funds Fixed Income holdings.

Earnings returned 33.5 cents per share in 2007 compared to 32.0 cents per share in 2006. During 2007, the Fund provided a 4.43% rate of return to the shareholders compared to a three year average return of 8.00% and a five year average return of 7.15%.

The net assets of the Fund at December 31, 2007, are distributed to shareholders by type of account as listed below with comparative figures at December 31, 2006.

	December 31, 2007			December 31, 2006		
	Market Value	%	Number of Investors	Market Value	%	Number of Investors
Retirement Savings Plan	**$ 2,085,116**	**64.72**	**46**	$ 2,148,106	65.18	49
Regular Accounts	**1,136,735**	**35.28**	**78**	1,147,515	34.82	80
	$ 3,221,851	**100.00**	**124**	$ 3,295,621	100.00	129

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

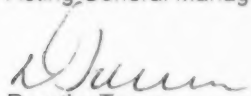
The accompanying Financial Statements have been prepared by management of Saskatchewan Development Fund Corporation. They have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied, using management's best estimates and judgments where appropriate. Management is responsible for the reliability and integrity of the Financial Statements and other information contained in this Annual Report.

The Corporation's Board of Directors is responsible for overseeing the business affairs of the Corporation and also has the responsibility for approving the Financial Statements. The Board of Directors meets with management, and when necessary, the Corporation's external auditors Dudley & Company, LLP and the Provincial Auditor of Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the Financial Statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly guarded against unauthorized use and that reliable records are maintained. The Provincial Auditor of Saskatchewan has reported to the Legislative Assembly that these controls are adequately functioning.

Dudley & Company, LLP has audited the Financial Statements. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the Financial Statements, appears on the following page.

John Amundson, CA
Acting General Manager



Dorothy Toews
Acting Treasurer

February 8, 2008

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of assets and liabilities of the Saskatchewan Development Fund as at December 31, 2007 and the statements of change in net assets and realized gain on sale of investments and operations for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Saskatchewan Development Fund as at December 31, 2007 and the results of its operations and the changes in net assets for the year then ended in accordance with accounting principles generally accepted in Canada.

Dudley + Company LLP

Chartered Accountants
Regina, Saskatchewan
February 8, 2008

SASKATCHEWAN DEVELOPMENT FUND

STATEMENT OF ASSETS AND LIABILITIES

As at December 31

	2007	2006
ASSETS		
Investments (Note 3)	$ 3,188,394	$ 3,268,388
Cash	30,936	26,718
Due from Saskatchewan Development Fund Corporation	2,521	515
	3,221,851	3,295,621
LIABILITIES		
Payable for shares redeemed	-	-
NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY (Note 5)	$ 3,221,851	$ 3,295,621
261,139 shares (2006 - 271,575 shares) (Notes 4 & 5)		
NET ASSET VALUE PER SHARE (Note 6)	$ 12.34	$ 12.14

(See accompanying notes)

On behalf of the Board:

Director

Director

SASKATCHEWAN DEVELOPMENT FUND

STATEMENT OF CHANGES IN NET ASSETS AND REALIZED GAIN ON SALE OF INVESTMENTS

For the Year Ended December 31

	2007	2006
CHANGE IN NET ASSETS		
Net assets at beginning of year	$ 3,295,621	$ 3,407,776
Net earnings for the year	85,217	84,302
Net realized gain on sale of investments	134,700	171,778
Net unrealized depreciation of investments	(79,393)	(28,247)
	3,436,145	3,635,609
Less:		
Amounts paid for shares redeemed	214,294	339,988
Net assets at end of year	$ 3,221,851	$ 3,295,621
Net asset value per share	$ 12.34	$ 12.14
REALIZED GAIN ON SALE OF INVESTMENTS		
Proceeds from sale of investments	$ 774,627	$ 669,802
Cost of investments sold during the year*	639,927	498,024
Realized gain on sale of investments	$ 134,700	$ 171,778
***Cost of Investments Sold During the Year**		
Cost of investments at beginning of year	$ 3,023,750	$ 3,193,539
Cost of investments purchased during the year	639,325	328,235
	3,663,075	3,521,774
Cost of investments at end of year	3,023,148	3,023,750
Cost of investments sold during the year	$ 639,927	$ 498,024

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND

STATEMENT OF OPERATIONS

For the Year Ended December 31

	2007	2006
REVENUE		
Interest	**$ 106,820**	$ 104,296
Dividends	**8,391**	9,647
	115,211	113,943
EXPENSES (Note 7)		
Management fees (Note 8)	**27,389**	26,927
Investment management fees	**2,605**	2,698
Bank service charges	**-**	16
	29,994	29,641
NET EARNINGS FOR THE YEAR	**$ 85,217**	$ 84,302
NET EARNINGS PER SHARE (IN CENTS)	**33.5**	32.0

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

1. Summary of Significant Accounting Policies

The Saskatchewan Development Fund (SDF) accounting policies are in accordance with accounting principles generally accepted in Canada. The following are considered to be significant:

a) Valuation of investments

The Saskatchewan Development Fund's investments are recorded at fair value determined as follows:

Securities listed upon a recognized public exchange are valued at their closing sale price on the valuation date.

Securities not traded on that date are valued at a price between the latest closing recorded asked and bid prices.

Securities not listed upon any exchange are valued in the same manner as above based upon any available public quotation in common use or at a price estimated to be the fair value thereof.

b) Fair value

Cash, due to (from) Saskatchewan Development Fund Corporation, and payable for shares redeemed are carried at cost which approximate their fair value.

c) Investment transactions and income

The Corporation has invested in three mutual funds offered by Greystone Managed Investments Inc. Transactions are recorded monthly and prorated to individual investors' accounts on the last working day of each month. Realized gains and losses from investment transactions are calculated in accordance with the average cost method.

2. Status of the Fund

The Saskatchewan Development Fund (SDF) was established as an open-end investment trust in 1974 pursuant to **The Saskatchewan Development Fund Act** and is managed under the auspices of the Saskatchewan Development Fund Corporation (SDFC) which performs the duties of trustee, custodian and manager for the Fund. On July 15, 1983, the Fund discontinued the sale of new shares and became a "discontinued open-end" investment trust.

3. Investments

Description	2007 Cost	2007 Fair Value	2006 Cost	2006 Fair Value
Greystone Money Market Fund 2007 - 75,857 units (2006 - 66,056 units)	**$ 758,568**	**$ 758,568**	$ 660,558	$ 660,558
Greystone Fixed Income Fund 2007 - 180,611 units (2006 - 191,866 units)	**1,805,824**	**1,814,964**	1,913,518	1,945,329
Greystone Canadian Equity Fund 2007 - 20,899 units (2006 - 22,542 units)	**458,756**	**614,862**	449,674	662,501
Total Investments	**$ 3,023,148**	**$ 3,188,394**	$ 3,023,750	$ 3,268,388

4. Taxation

The Fund qualifies as a mutual fund trust under the **Income Tax Act** and is fully registered to administrate four types of equity accounts. These are registered retirement savings plans, deferred profit sharing plans, registered retirement income funds and regular shareholder accounts.

5. Shareholders' Equity

a) Shareholders' equity includes the amounts representing the shareholders' net initial investments, reinvested earnings, realized gains or losses on sale of investments and unrealized appreciation or depreciation of investments.

b) The shares of the Fund are redeemable at the option of the holder in accordance with the provisions of **The Saskatchewan Development Fund Act** and with respect to the taxation status of the shareholder's account. The Fund is now a "discontinued open-end" investment trust and has taken on no new contributions since July 15, 1983 except where contractual arrangements had been made prior to July 15, 1983.

6. Net Asset Value Per Share

The net asset value per share as at the end of the years indicated was as follows:

	Year Ended December 31				
	2007	2006	2005	2004	2003
Net asset value per share	**$ 12.34**	$ 12.14	$ 11.64	$ 10.88	$ 10.36

7. Expense Ratio

The following is the ratio of all expenses of the Fund, expressed as a percentage of the average of the net assets calculated for the purpose of the redemption of shares of the Fund, as at each valuation date of the Fund:

	Year Ended December 31				
	2007	2006	2005	2004	2003
Expense ratio	**0.92%**	0.88%	0.80%	0.83%	0.72%

8. Management Fees

SDFC recovers the costs it incurs in the management of the Fund by charging the Fund a management fee. This fee is limited by **The Saskatchewan Development Fund Act** to the lesser of 1.25% of the net value of the assets of the Fund or those corporate expenses directly attributable to the management of the Fund on an annual basis.

9. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market rates under normal trade terms. Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

10. Comparative Figures

Certain of the 2006 comparative figures have been reclassified to conform with current year's presentation.

IN APPRECIATION

The Saskatchewan Development Fund Corporation would like to thank Don Axtell for his many years of dedication and contribution to the Corporation. Don started with SDFC in 1975 in the role of Assistant Manager and continued in this position until 1977. Don returned to SDFC in 1992 as General Manager and remained in that position until he retired on January 31, 2008. Don will be missed by both staff and clientele.

The SDFC Board and management wish Don many happy retirement years.